

Monday, August 10, 2015

Hog Prices: ↓ Soymeal: ↑  
Corn: ↑ CDN Dollar: ↑

US Slaughter	
2.126 mil.	Last Week
1.928 mil.	Last Week (year ago)
W. Corn Belt	\$73.79
National Price	\$79.23
Daily Sig 3	\$177.48
Daily Sig 4	\$184.55
Thunder Creek	\$179.01
4-Month Fwd.	\$ 137.29
B of C Ex. Rate (Noon)	
\$1.3122 CAD/ \$0.7621 USD	
Cash Prices Week Ending August 08, 2015	
Signature 3	182.31/82.70
Signature 4	183.96/83.44
h@ms Cash	180.81/82.01
Hylife	182.37/82.72
Thunder Creek	179.90/81.60
ISO Weans	\$21.55 US Avg.
Feeder Pigs	\$38.67 US Avg.
#1 Export Sows (Tagged) \$45.00 cwt. (+500lbs.)	

**Forward contract prices opened lower this morning.** US cash markets finished last week lower, with packers having more than enough hogs to meet their planned production schedule of approximately 2.13 million hogs. With seemingly little influence on packer bids, wholesale pork prices have been firm. The benchmark wholesale pork prices have climbed over \$90/cwt and are at the highest level so far in 2015. There is very little consistency between primal cut values compared to last year. Pork bellies are up 20% in value over year ago values, while loin and ham values are down 30% and 55% from last year. Lean Hog futures are expected to trade higher early this week with the underlying support coming from firm pork prices and hog supplies that appear to be moving closer to the USDA's forecasted levels of 9% above last year's levels. Producers who have yet to take any price protection in the fall months should consider setting targets \$6-\$8/ckg higher than current forward prices with ideas of them potentially hitting later this week. In addition, producers should start covering some of their 2016 price risk, targeting the 1<sup>st</sup> Quarter at a \$145-\$160 CAD/kg range.

**Canadian delivered soymeal prices opened higher this morning.** Forecasted drier weather over the next ten days is having a supportive effect on the trade on thoughts that record yield potential (especially in the WCB) could be curbed. As well, there are already widespread expectations that the USDA will revise lower its yield estimate in Wednesday's WASDE report and traders are expected to take pre-report positioning considered to be supportive at this time. There is not much bearish news fundamentally (or technically) and the market is expected to show strength heading into Wednesday.

**US corn futures opened higher this morning.** The strength ahead of the USDA's WASDE report release on Wednesday is somewhat expected as traders take positions ahead of this important report. The August WASDE will utilize producer surveys (as opposed to estimations based on trends) and while there are some estimates coming in higher than the current estimate, national yield is widely expected to come in lower than the July report. However, decent weather, meagre demand and poor economic outlooks are pressuring factors. The Crop Progress report will be released later today.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Maple Leaf Sig. #3		147.17 148.97	134.61 147.94	125.60 131.60	131.00 135.21	131.00 144.15	147.76 150.77	147.88 152.69	155.70 163.00	169.57 179.20
Maple Leaf Sig. #4		150.18 155.99	140.59 151.99	132.21 137.56	135.93 139.66	135.93 145.65	149.37 152.64	151.94 154.73	157.99 163.90	138.75 177.14
Soymeal Winnipeg Delivered	555	541	522	520	520	517				
Corn	Local delivered price available on request									

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